

Message Text

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70

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 SP-02 AID-05 COME-00 EB-07 FRB-03

TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01

H-02 L-03 /060 W

----- 001167

R 131505Z MAR 76

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 9359

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 1959

E.O. 11652: GDS

TAGS: EINV, ENRG, EC

SUBJECT: PRESS LEAKS CRITICAL OF TEXACO-GULF

1. THE ECUADOREAN PRESS HAS ON FOUR CONSECUTIVE DAYS CARRIED ARTICLES CRITICAL OF TEXACO-GULF'S LACK OF EXPLORATION IN THE ORIENTE. THE ARTICLES ARE ESSENTIALLY THE SAME AND COULD ONLY HAVE COME FROM THE DIRECTORATE OF HYDROCARBONS OR THE MINISTRY OF NATURAL RESOURCES. ALL THE ARTICLES EMPHASIZED TEXACO'S LACK OF EXPLORATION, CLAIMING THAT TEXACOGULF HAS NOT FULFILLED THE INVESTMENT PROGRAM THAT WAS AGREED UPON WHEN THE PRICE WAS REDUCED IN JULY. THE ARTICLES ALSO NOTE THAT TEXACO-GULF GULF HAS REQUESTED A \$1.05 DECREASE IN THE PRICES, DESPITE A PROMISED PLAN TO INVEST \$27 MILLION WHICH ONE ARTICLE SAID HAS NOT YET BEEN PRESENTED TO THE MINISTRY OF NATURAL RESOURCES. ACCORDING TO UNNAMED SOURCES SOME WELLS ARE PRODUCING A HIGH PERCENTAGE OF WATER, AND OTHERS ARE NOT PRODUCING BECAUSE OF POOR MAINTENANCE. EL UNIVERSO OF GUAYAQUIL ALSO MENTIONED THAT SUBCONTRACTORS ARE TRYING TO RE-EXPORT THEIR EQUIPMENT WHICH WILL "CAUSE GRAVE DAMAGES TO THE COUNTRY." EL TIEMPO OF QUITO TRIED TO CONTACT TEXACO AND GULF FOR COMMENT. TEXACO EXECUTIVES WERE "IN MEETINGS" AND THE LOCAL GULF MANAGER REFUSED TO COMMENT

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AND REFERRED REPORTERS TO THE GOVERNMENT.

2. COMMENT. THE PRESS STORIES AFTER THE FIRST DAY WERE REPLAYS OF AND SUMMARIES OF PRESS SERVICE REPORTS, ESPECIALLY LATIN AND AFP. THE ORIGINAL STORIES MOST LIKELY ORIGINATED IN THE MINISTRY OF NATURAL RESOURCES, WHERE THE MINISTER, COL. RENE VARGAS, IS KNOWN TO FAVOR NATIONALIZATION. THE MINISTRY HAS BEEN AWARE FOR SOME TIME, ALONG WITH SOME OTHER GOE OFFICIALS, OF THE PROBLEMS REGARDING INVESTMENT AND UPKEEP OF THE WELLS. THAT IT HAS SEEN FIT TO MAKE THE INFORMATION PUBLIC AT THIS TIME IS AN INDICATION THAT IT IS SERIOUSLY CONSIDERING A SPEEDIER TAKEOVER OF MAJORITY CONTROL OR FULL NATIONALIZATION OF THE CONSORTIUM THAN HAD BEEN CONTEMPLATED EARLIER. KNOWING THAT MANY PEOPLE IN AND OUT OF GOVERNMENT ARE SKEPTICAL OF ECUADOR'S ABILITY AT THIS TIME TO RUN THE ENTIRE OPERATION -- FROM EXPLORATION, DEVELOPMENT AND PRODUCTION THROUGH MARKETTING -- VARGAS MAY BE USING THIS MATERIAL TO STIR UP PUBLIC SUPPORT FOR HIS POSITION. AS FAR AS WE KNOW THIS POSITION IS FAR FROM FULLY SHARED IN THE GOE AND AMONG ALL THE MEMBERS OF THE SUPREME COUNCIL OF GOVERNMENT.

BREWSTER

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